

SHORT FORM: CONDENSED CONSOLIDATED RESULTS

for the six-month period ended 31 December 2019

HIGHLIGHTS

- Revenue increased by 122,7% to R201,228 million (31 Dec 2018: R90,363 million).
- Basic loss and headline loss per share of 0,01 cents, up 99,6% (31 Dec 2018: loss of 2,55 cents).
- Investment in property, plant and equipment decreased by 37,0% to R26,599 million (31 Dec 2018: R42,235 million).
- Total comprehensive profit for the period increased by 118,9% to R1,842 million (31 Dec 2018: loss of R9,753 million).
- Acquisition of 22% interest in Nuco Chrome Bophuthatswana Proprietary Limited.

COMMENTARY

Chrome pricing review

Bauba experienced a challenging six-month period ended 31 December 2019 driven by a weak chrome ore market. The CIF China price for 44% chrome concentrate (Cr_2O_3) moved from US\$160 per tonne (t) at the start of the financial period to US\$143/t at 31 December 2019 (according to FerroAlloyNet). During this period, the price peaked at US\$172/t. The CIF China price for 44% Cr_2O_3 decreased from an average of US\$189/t in the six-month period ended 31 December 2018 to US\$162/t for the current six-month period. After supply chain costs (which remained flat), and the movement in average US\$/ZAR exchange rates, our ZAR FCA Mine Gate revenue realised per tonne decreased by 23%. Furthermore, our revenue was impacted by a greater proportion of our sales tonnages being realised during the November and December 2019 months at an average of US\$150/t compared to US\$168/t for the months July 2019 to October 2019.

Financial and operational review

Significant progress continues to be made in the development of Bauba's underground Moeijelijk Mine. For the current period, Bauba incurred R27,055 million in capital expenditure on the development of our trackless declines which have now been holed and are on track to achieve steady state production of 30,000t of stoped ore per month during the 2nd quarter of the 2020 calendar year. The timing of the achievement of steady state production may be negatively impacted by the three-week national lockdown emanating from the COVID-19 pandemic. The production ramp up to steady state is steep and this will significantly lower Bauba's operating costs per tonne and increase our revenues going forward, as proportionately more speciality grade concentrates will be produced from underground material than from lower grade development and opencast feed. Bauba's revenue increased by 122,7% from the prior period to R201,228 million despite the significantly weaker pricing environment. Bauba incurred higher operating costs given that the underground mine is not yet at steady state production. In addition, lower yield development tonnes processed through the wash plant, and significantly lower prices realised per tonne sold, led to Bauba's gross profit margin decreasing from 26,3% in the six-month period ended 31 December 2018 and 37,0% in the year ended 30 June 2019 to 19,1% in the current period.

These results however demonstrate Bauba's resilience and ability to operate profitably even in a very depressed market. The industry cost curve for primary production is currently reported to be between US\$160/t and US\$180/t for 42% chrome ore concentrate which averaged US\$145/t over the six-month period ended 31 December 2019. Although our cost base remains far from optimal until the underground operation achieves steady state production, Bauba was able to operate profitably below the industry cost curve.

Outlook

Current market prices are below the industry's cost of supply driven by an oversupply of chrome ore, ferrochrome and excessive stainless steel stocks. The stainless steel market is weak, impacted last year by the "US China Trade Wars" and now in the current year by the coronavirus ("COVID-19").

On 23 March 2020, President Cyril Ramaphosa announced a 21-day lockdown of South Africa, due to the rapid rise of the COVID-19 pandemic, beginning midnight on Thursday, 26 March 2020. Bauba may cease all operations over this three-week period and re-commence on 17 April 2020. The impact on our stakeholders is being assessed and mitigating procedures being implemented to ensure minimal impact on the business in the medium- to long-term.

The market outlook is difficult to predict due to the uncertainties created by the impact of COVID-19, but the medium- to long-term fundamentals for chrome ore remain strong and prices must increase significantly for the market to stabilise over this period.

Changes to the board

Mr Sholto Dolamo resigned from his position as an independent non-executive director on 5 December 2019. During the period under review, no other changes were made to the board.

SHORT FORM ANNOUNCEMENT

This short form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The full announcement is available at:

<https://senspdf.jse.co.za/documents/2020/jse/isse/bau/interim20.pdf> and can be found on the company's website www.baubaresources.co.za.

This short form does not contain the complete or full announcement details.

Any investment decision should be based on consideration of the full announcement, copies of which are available for inspection at no charge from Monday to Friday, during office hours, at the company's registered office and the office of the sponsor.

Johannesburg
27 March 2020

Bauba Resources Limited

Incorporated in the Republic of South Africa
(Registration number 1986/004649/06)
JSE share code: BAU • ISIN: ZAE000145686
("Bauba" or "the company" or "the group")

Board of Directors

NPJ van der Hoven* (*Chairman*), M Luyt*, DS Smith*, Dr NM Phosa*, King TV Thulare (*Alternate*), Ms T Makgala*,
NW van der Hoven, JA Knowlden

*Non-executive *Independent non-executive

Sponsor

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(PO Box 41480, Craighall, 2024)

Registered Office

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Company Secretary

Merchantec Proprietary Limited

Transfer Secretaries

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Auditors

BDO South Africa Incorporated
22 Wellington Road, Parktown, 2193